

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF THE HARDIN COUNTY)	
WATER DISTRICT NO. 1 FOR AUTHORITY)	
TO ISSUE BONDS IN THE APPROXIMATE)	
AMOUNT OF \$3,645,000 AND TO DEFEASE)	CASE NO. 91-125
THE 1985 SERIES BONDS IN THE)	
APPROXIMATE AMOUNT OF \$3,645,000)	

O R D E R

On April 18, 1991, Hardin County Water District No. 1 ("Hardin County") filed an application requesting approval for the defeasance of its existing 1985 Series Bonds in the approximate amount of \$3,645,000 and the issuance of 1991 bonds in like amount. Hardin County estimated that the defeasance of its 1985 Series Bonds would result in an approximate savings of \$500,000 over the life of the bonds or a net present value savings of \$208,000.

Hardin County currently has \$3,105,000 of its 1985 Series Bonds outstanding. The terms of the 1985 Series Bonds allow for early retirement in 1995, but require a 3 percent penalty for doing so. Accordingly, Hardin County has planned to invest the proceeds of its 1991 bonds in State-Local Government Securities ("SLGS") until the 1995 retirement date. The predicted savings will result from the lower interest rate and debt service requirement of the 1991 Bonds.

The Commission, having considered the evidence of record and being advised, finds that the issuance and sale of the above

securities by Hardin County are for lawful objects within the corporate purposes of Hardin County's utility operations. The above-described transaction is necessary, appropriate, and consistent with the proper performance of Hardin County's service to the public, and will not impair its ability to perform that service.

IT IS THEREFORE ORDERED that:

1. Hardin County be and it hereby is authorized to issue bonds with an aggregate principal amount not to exceed \$3,645,000.

2. Hardin County shall, as soon as reasonably possible after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting, discounts, commissions or other compensation, involved in the issuance and distribution.

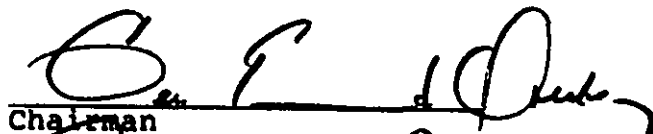
3. Upon the issuance and investment of the proceeds, Hardin County shall file its finalized Escrow Agreement, the amount of SLGS's purchased, the maturity date, interest rate, and amortization schedule for Hardin County's established Escrow Fund.

4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes as set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 30th day of May, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director